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SUBJECT: LIAONING LEADERSHIP: DALIAN ON THE RISE

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Classified By: Consul General Stephen B. Wickman. Reasons 1.4(b/d).

¶1. (C) SUMMARY: In the two years since Li Keqiang was plucked from his Party Secretary (PS) post in Shenyang for greater glory in Beijing, no one has been able to fill the void he left behind in Liaoning Province. Two major competitors continue to jockey for Provincial leadership - Governor Chen Zhenggao and Dalian Mayor Xia Deren. With the exception of Mayor Xia,s imminent move to the Dalian Party Secretary slot, however, there have been few recent developments. END SUMMARY.

¶2. (C) This is the first of a two-part report on leadership dynamics in northeast China over the past year, with a particular emphasis on rising stars likely bound for higher, possibly national, office. Part one focuses on Liaoning, part two on Jilin and Heilongjiang Provinces.

#### LIAONING,S CENTRAL LEADERS

¶3. (C) Liaoning Party Secretary (PS) Zhang Wenyue is 65 years old and likely to retire later this year. During his tenure, Zhang generally avoided the spotlight, perhaps in an effort to enjoy his sunset years as a senior member of the National People,s Congress. He has always been overshadowed by stars Li Keqiang and more recently, Chen Zhenggao.

¶4. (C) Chen Zhenggao captured the governorship in early 2008 after vanquishing rival Luo Lin. Throughout the past year, Chen has eagerly hogged the media limelight and enthusiastically advertised his accomplishments. Chen prides himself on bringing investors into Liaoning, leading delegation after delegation to Shanghai, Guangzhou, Hong Kong, and beyond, pursuing signing ceremonies in the billions of RMB and exhausting the municipal players he drags in his wake. Sometimes, however, Chen fails to deliver. Most recently, during a trip to Japan, Chen crowed about attracting mega-yen investments in the news, only to return empty-handed, sparking a raft of satirical blog entries. In the past few weeks, there has even been a spate of rumors (apparently untrue) that Chen and his bodyguard were under investigation. Chen is clearly angling for the Liaoning PS position, and in late 2008 was rumored to have a shot at the Henan PS slot. Chen will probably stay put a while longer, and at age 57 he has eight years to make it to the top.

¶5. (C) Former Liaoning Deputy PS Luo Lin had gone head to head with Chen Zhenggao for the governorship. As a consolation prize, Luo was appointed Chairman of the Liaoning People,s Political Consultative Conference (PPCC), keeping him on an equal footing with Chen Zhenggao in administrative and party rank. Luo was appointed Director of the State Administration of Production Safety at the end of 2008, a central government ministerial position described by our contacts as a purely lateral move (a provincial governorship is equivalent to a minister.) Although Luo's

new position is described as an "active volcano" and its directors have been routinely criticized for the large number of fatal accidents in China - one just yesterday in Shenyang - its leaders have always been promoted. With Luo,s China Youth League (CYL) Party background and experience in Liaoning,s mining cities like Huludao and Fushun, he is likely to succeed and capture more national attention.

¶6. (C) Yue Fuhong, 59, moved to Liaoning to replace Luo from Inner Mongolia in late 2008. Already designated Chairman of the Liaoning PPCC before the Conference opened, Yue,s election was a mere formality. Also for form,s sake, Yue was pulled at the last minute from the obligatory annual meeting with the assembled Consuls General here before the opening ceremony, appearing for the first time on the dais during the Plenary Session. A seasoned cadre from Beijing and Inner Mongolia, Yue was Beijing Vice Mayor between 1997 and 2001 (responsible for agriculture and Huai Ro District) and Deputy PS of the Inner Mongolia Autonomous Region between 2001 and 2008. His political career has been stable and gradual, a typical example of a Chinese bureaucrat working his way up the political hierarchy.

¶7. (C) When we finally met Yue for dinner on April 23, he made it sound as if he had just landed in Liaoning. Determined not to discuss his new position at all and speaking in a thick Beijing accent that was impenetrable at times, Yue regaled us with tales of Inner Mongolia and Genghis Khan that he heard (in Chinese from his Mongolian staff.) He seemed most proud of the joint-venture movie being shot on location, which he personally discussed with

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Governor Schwarzenegger when he visited California. Yue's family remains in Beijing (his daughter is a Tsinghua grad pursuing a career in architecture or design,) and he seems destined to reunite with them in Beijing following this latest promotion. With six years left before retirement and a relatively youthful appearance, Yue has plenty of time to burnish his image or play behind-the-scene politics.

DALIAN,S MAYOR ON THE MOVE

¶8. (C) The biggest news this year is Dalian Mayor Xia Deren,s almost certain promotion to the Dalian PS position. The Changxingdao PS told the Consul General April 15 that Liaoning Vice Governor Li Wancai (a frequent consulate contact) would take over as Mayor when Xia steps up - news that was corroborated by the Japanese Consul General in Dalian the next day. The move is interesting since Xia had been overshadowed by former Dalian PS Sun Chunlan and current Dalian PS Zhang Chengyin since Bo Xilai,s departure from Liaoning. After Bo,s failed attempt to join the central party core, Mayor Xia lost his membership in the Liaoning Party Standing Committee. A Dalian native and close pal of the popular Bo, Xia remains deeply loved by most of the citizens of Dalian (we have only heard one serious rumor about Xia and his link to an unpopular real estate deal.) Only 54 years old, Xia has six years to make it to clear the deputy-governor level, at which he has been stuck despite his popularity, and a few years to climb even higher. Xia's promotion to Dalian PS may be just what he needs to get rolling.

¶9. (C) In other news, former Shenyang Vice Mayor Li Jia,s resignation was accepted by the Liaoning People,s Congress on January 8, 2009. Information shows that Li Jia has since moved to Inner Mongolia as the Director of the Organization Department and Member of the Party Standing Committee. Although this is a lateral move to a more remote region, Li's return to the party faithful is a guarantee of a future stability. Rumors involving Shenyang PS Zeng Wei,s move to the Central Government as Li Keqiang,s chief of staff proved to be ill-founded. Zeng also has a CYL background and it is reasonable to predict he will keep moving up the political

ladder. Our South Korean counterparts tell us that Zeng has an excellent relationship with Korean lawmaker and National Assembly Foreign Affairs, Trade, and Unification Committee Chair Park Jin, who caroused with Zeng during a recent March visit to Shenyang just before Park was indicted back in Seoul.

WICKMAN